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# House of Representatives

**STATEMENT OF**
**CONGRESSMAN ED CASE OF HAWAII**
**WEDNESDAY, FEBRUARY 16, 2005**

## THE FEDERAL DEFICIT

Mr. SPRATT. Mr. Speaker, I have just put up a chart to show exactly what the gentleman was just saying. Privatization means that tax funds that are now put in a public trust fund will instead go into private accounts that will cause the government to borrow more and more and more over time. The Bush administration acknowledges that between 2009 and 2015, when it first implements this particular proposal, that the cost will be $754 billion. We have obtained, using the Social Security actuary numbers, the true impact for the first 10 years of implementation and for the second 10 years of implementation, fully implemented. The cost right there, that little blue bar chart, bar on the graph there, the plan that the President is proposing adds $4.9 trillion to the unified deficit of the United States by 2028.

But we are only halfway up the slope at this point. The borrowing in the trillions goes on and on and on until the year 2055 to the mid-2050s, an enormous increase in the national debt.

So we even if the budget were to be cut in half, the deficit were to be cut in half by 2009, which it will not, the numbers simply will not support that outcome, there is a huge change in the budget deficit looming on the horizon at that point in time which means that the deficit will not be balanced again or anywhere close to it in our lifetime when this debt is added to it.

Mr. CASE. Mr. Speaker, I want to be clear that I understand exactly what the gentleman is saying. I appreciate very much the opportunity to have this opportunity to learn from the gentleman. I want to go back to the context that we are talking about for just a second because I did take the opportunity to read the budget that came out of this administration.

More specifically, I took the opportunity to read the historical tables because I think it is important for us to see what has been before we can talk about what is coming up in the future. And we have talked already quite a bit about the total debt, and I am very happy that the gentleman is focusing on debt because we can talk about deficits, annual deficits every single year, but it is not as if annual deficits are static. If you have got deficits every year, you are borrowing it from somewhere; that means that debt goes up. If you have a deficit of $300 billion this year, that is borrowed money. Another deficit the next year, $600 billion.

Mr. SPRATT. Your debt service goes up, too.

Mr. CASE. Yes, that is absolutely right. The gentleman has an excellent chart that demonstrated that earlier, that under this President's own budget the interest on the national debt will double or more in the next 5 years while every other program is remaining basically at the same level of funding.

So the question that I have got, I am looking here at the President's own budget, noting that in 2004 we had a total national debt of $7.3 trillion.

That was just a year ago and that was up, as the gentleman pointed out earlier, by $2 trillion just over a few years. So we are going up pretty darn fast.

I am looking here at the President's budget. This is the President talking; this is not us talking. It shows here in 2010, just 5 short years from now, we will have, according to this President's budget, a national total debt of $11.1 trillion. So $7.3 trillion last year. Under this budget, we are going to $11.1 trillion and, of course, that is the aggregate, is it not?

Mr. SPRATT. In 4 years.

Mr. CASE. Absolutely, in 4 years. And the point that the gentleman is making now, and by the way, that is a 60 percent increase in the total national debt in just a few short years, so obviously something is out of whack.

Now what the gentleman is pointing out in the chart that he is pointing us to right now is that essentially when we talk about this national debt, we are not talking, we are not including some very key aspects here. We are not talking about the cost of the privatization plan, right?

Mr. SPRATT. No, it is not included. And what I am saying here is this additional debt will be stacked on top of what is already monumental statutory debt of the United States growing every year because of the deficit in our regular budget, growing every year.

Mr. CASE. In the same spirit, we are not talking in this budget about any fix to the Alternative Minimum Tax, right?

Mr. SPRATT. No.

Mr. CASE. Nor are we talking about the costs of the war which are now projected to be astronomical if we project out over a reasonable period of time. That is additional debt.

Mr. SPRATT. When those adjustments are made, the numbers the gentleman just gave will only get worse.

Mr. CASE. We are not talking about additional debt service on the additional debt that will be incurred as a result of the first three. Those do not enter into the additional interest payment.

So what we are really talking about, I guess the point I am trying to make and trying to get clarity from the gentleman, is that when we are talking even under the President's own budget of an increase of 60 percent in the national debt, assuming we agree to this budget straight out, we will assume if the President gets his way on privatization and on the Alternative Minimum Tax which we all want to do on the reasonable costs of the war, on other initiatives, not to mention further cuts in any taxes or continuation of any tax reductions, we are talking about trillions of dollars of additional debt during that same period.

Mr. SPRATT. No question about it. When you add this on top of it, it becomes almost irreversible. I do not see how you can add this and ever expect to see the budget close to balance again.

Mr. CASE. Let me conclude by making one other point that came out of our Committee on the Budget hearings just a week ago when I asked Office of Management and the Budget Director Bolton, hey, I have not heard much about debt. I have heard plenty about deficits, but I have not heard much about debt. Of course, frankly, I speculate that the reason is it is a lot easier to talk about reducing the deficit in half. But if we only reduce the deficit in half every year, we are still talking about compounded total debt because that is borrowed every single year. So it is not good enough to talk about reducing the deficit in half. It is a matter of balancing our books.

Mr. SPRATT. Absolutely correct.

Mr. CASE. I thank the gentleman for his good work, and I am happy to learn at his feet.